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Northrop's men traveled about coated in cash

Corporation's unsound money exchange revealed

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WASHINGTON — To Tony Ulascewicz they were "the cookies."

He wrapped \$100 bills in plain brown paper and left them in various airport lockers and motel lobbies he had arranged as dead drops for the Watergate conspirators.

In the current investigation of corporate bribery abroad, no one is quite so colorful as the Runyonesque ex-cop who starred in the Senate Watergate hearings. But the medium of exchange is the same — \$100 bills.

Frank J. DeFrancis, one of the Northrop Corp. "consultants" in Washington, was a walking money bag.

"He said that he carried the money in four \$10,000 packets — two in the inside right and left pockets on his coat and two on the outside side pockets of his coat," Ernst & Ernst, the staid old accounting firm, reported to Northrop's stockholders and the Securities and Exchange Commission.

DeFrancis, according to Ernst & Ernst, picked up the cash in New York from a Northrop vice president, James Allen, and carried it in his coat to Washington. He then emptied his pockets to another Washington "consultant" by the name of Russell Blanford, a retired two-star general who had left the staff of the House Armed Services Committee to open up a law firm in suburban Washington.

Blanford had considerable influence in Washington, having been staff chief for the Armed Services Committee under both chairmen Mendel Rivers, D-S.C., and his successor, Edward Hebert, D-La. As a consultant for Fairchild-Hiller, he helped the firm obtain a defense contract in competition with Northrop for production of the A-10 close-air-support aircraft.

DeFrancis, according to Ernst & Ernst, said he felt it advisable to give the cash to Blanford for Northrop's future "protection."

Blanford, according to sources on the Senate multinational corporations sub-

committee, has told the staff of the subcommittee, the cash was his fee for a joint venture with DeFrancis on a charter-airline service used to carry servicemen, that he did not give any part of the money to anyone else and he did not know what DeFrancis meant by "protection."

Where did the \$40,000 come from?

Back to New York. It was there, according to Ernst & Ernst, that Allen regularly picked up envelopes filled with \$100 bills from another Northrop "consultant" named William Savy.

Savy is based in Paris. In all, \$1,052,395 was transferred to him across the Atlantic from Northrop, and he returned \$376,000 of it back across the Atlantic — all in cash.

Savy was only a two-pocket man, unlike DeFrancis, but carried the same amount of money. His practice, according to Ernst & Ernst, was to divide \$40,000 in \$100 bills into two business-size envelopes, put one envelope in each of his inside-coat pockets and fly off across the Atlantic on regularly scheduled airline flights — presumably first class.

Other Northrop officials used suitcases. Some time between Christmas and New Year's Eve in 1971, according to Ernst & Ernst, Northrop's Howard Rath and Al Johnson went to the Wells Fargo bank with a Northrop check for \$30,000, cashed it, and gave it to controller John Campbell.

The money was then flown to Iran by Ross Miller, president of Northrop's subsidiary, Page Communications. Campbell presumed, according to Ernst & Ernst, that the money was for "pay-offs" to Iranian officials in regard to a Page project phone and television network and television network linking 56 major cities in Iran. Northrop says \$4,400 went to a tax assessor in Iran for his help in enabling the firm to avoid taxes.

Several Northrop officials, according to Ernst & Ernst, said they had heard that a retired Air Force general

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named Jablonski had handed out an unidentified amount of cash in a brown bag in a Swiss motel room, but the auditing firm was unable to obtain confirmation. Jablonski was the manager of a joint venture between Northrop-Page and three other firms for the Iranian communications project.

Northrop paid \$1.4 million to Jablonski, who put the money into Swiss bank accounts and turned it over to a German consulting firm named Siemens, Aktiengesellschaft.

What the Siemens firm did with the money is not certain. There is no record of who the firm paid it to or what the purpose was. The Swiss bank accounts are secret and U.S. officials do not have power to subpoena the records of the German agent.

The same is true of more than \$2 billion in commission fees from Northrop to an outfit called Economic Development Corp. (EDC). It too is Swiss-based. Northrop President Thomas Jones testified he had no idea what the outfit did with the money, who its shareholders were or why EDC got a 1.5 per cent commission on all F-5 aircraft sold overseas.

Senate investigators suspect the shareholders were high-ranking government officials in Europe, but they have no way of proving it since they cannot subpoena the Swiss accounts. They confess it is just as strong a possibility that some of the money might have come back to the United States to influence officials in this country.

Back to New York. Savy, the septuagenarian Northrop man in Paris who flew \$376,000 in \$100 bills across the Atlantic in his coat, gave \$40,000 of it to Allen, the Northrop vice president.

Allen gave it to DeFrancis, the Washington consult-

ant, who flew it to Washington in four-coat pockets, and he gave it to Gen. Blanford, the former House Armed Services Committee staff chief, and he says he didn't give it to anyone.

But \$50,000 was handed across the desk of Jones, the Northrop president, on Aug. 5, 1972, to Herbert Kalmbach, personal lawyer to former President Nixon, who later was sent to prison in the Watergate scandal.

What of the remainder?

Some of it went for illegal contributions to the campaigns of presidential candidate Hubert Humphrey, Sen. Alan Cranston, D-Calif., Sen. John Tunney, D-Calif., and others.

Kalmbach took the package of \$100 bills to the Airporter Inn in Annandale, Calif., and what did he do with it?

He gave it to Tony Ulaszewicz, who then took it to New York, wrapped it in plain brown paper "with a little string around it," placed it in a locker at La Guardia airport, taped the locker key to a pay phone and watched as the money was picked up by Mrs. Howard Hunt, wife of one of the Watergate burglars. It was the hush money, and Richard Nixon was later to resign under the threat of impeachment because of it.

How much, if any, of the money Northrop sent to Switzerland came back to the United States in similar fashion cannot now be determined. But it is clear to Senate investigators that Northrop is not the only U.S. corporation that does business in this fashion. And a lot of cookies are floating around.